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June 18, 2004

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TWB-204  
Washington, DC 20554

Re: Notice of Written Ex Parte Communication, In the Matter of Review of  
Petition for Forbearance From the Current Pricing Rules for the  
Unbundled Network Platform, WC Docket No. 03-157

Dear Ms. Dortch:

Almost one year ago, Verizon filed with the Commission a “forbearance petition” that was actually little more than a thinly-disguised request for an affirmative rulemaking that sought to substantially alter both the price and the types of services that could be provided by CLECs who rely on the UNE-platform or UNE-P. That Verizon really does not like and wants to put an end to cost-based UNE-P is no surprise. But rarely has a request for Commission action come bearing so many obvious and fatal defects. The Petition is, in truth, more an advocacy piece than a serious legal petition and in the end, the relief sought by Verizon is foreclosed by statutory provisions and controlling precedents that are almost too numerous to list, but that certainly cannot be ignored.

**1. Verizon Is Not Seeking Forbearance, But Rather The Promulgation Of New And Different Rules.**

Although styled as a petition for “forbearance” from “applying” regulations, Verizon’s petition makes clear that it actually seeks a profound *change* to existing Commission rules. New rules can be adopted and old rules replaced, of course, but only through a formal rulemaking proceeding. *See, e.g., Sprint Corp. v. FCC*, 315 F.3d 369, 374 (D.C. Cir. 2003) (“new rules that work substantive changes in prior regulations are

subject to the APA's procedures"). Until that time, the Commission remains bound by its rules. Verizon does not even point to any specific Commission rule or enforcement action from which it seeks forbearance.

Rather, Verizon seeks *new* or *changed* rules. In relation to charges for UNE-P, Verizon candidly seeks a Commission "determin[ation] that, when a competitive carrier purchases a platform of all the elements necessary to provide service, the level of compensation to which the incumbent is entitled is no lower than it would receive under the Act's resale pricing standard." Petition iii; *see id.* at 13-14. Similarly, in relation to requested use restrictions affecting competing carriers' rights to use UNE-P to provide one type of telecommunications service -- exchange access services -- Verizon seeks to have the Commission "adopt interim measures" to "condition the continued availability of UNE-P at TELRIC rates on the payment by long distance carriers of per-minute access charges to the incumbent." *Id.* at 12, 15; *see id.* at 17, 18.

Forbearance, by definition, is a decision to decline to enforce a statutory provision or regulatory rule. Section 10 of the Act itself frames the test for forbearance in terms of "enforcement" of an *existing* "regulation" or "provision" of the Act, 47 U.S.C. § 160(a)(1), (2), and its core test is whether the Commission should desist from "enforcement of such regulation or provision," *id.* § 160(a)(1), (2). But the Petition itself is structured as a justification for a rulemaking, not forbearance. Section III of the Petition (at 12-18) argues that the Act provides "authority to *adopt* [the] interim measures" that Verizon seeks. *Id.* at 12 (emphasis added). If the petition truly sought *non-enforcement* of particular requirements – which is what a forbearance determination would provide – then establishing the statutory authority to grant the relief requested (*i.e.*, adoption of new interim rules) would be entirely superfluous.

## **2. The Plain Language Of Section 251(c) and 252(d)(1) Precludes The "Interim" Rule Changes That Verizon Seeks.**

The plain text of the Act precludes the particular rule changes that Verizon seeks. The Act requires that the rates for individual UNEs "shall be . . . based on the cost . . . of providing" them. 47 U.S.C. § 252(d)(1). The Petition make no real effort to hide that Verizon's arguments here are really just an attempt to resurrect its earlier claim that that UNE-P is a "regulatory fiction" that is "largely identical to a resale arrangement." Petition at 16. That is a position that the Commission and courts have repeatedly and definitively rejected as flatly inconsistent with the Act's plain terms.

UNE-P is simply a label for a particular combination of individual network elements. Rates for each of the individual network elements that comprise UNE-P, as the Act expressly states, "shall" be "based on the cost" of providing "the" requested element. 47 U.S.C. § 252(d)(1). The Commission – twice affirmed by the Supreme Court – has determined that UNE-P is a permissible combination of individual UNEs and that "cost" means forward-looking economic costs. The Act thus forecloses Verizon's request here that the Commission instead authorize Verizon to apply the Act's resale pricing standard, which, by its explicit terms, bases rates on prevailing "retail rates" that bear no necessary

relation to the costs of providing the requested elements. 47 U.S.C. § 252(d)(3). Put simply, once elements have been found to meet the “impairment” standard of section 251(d)(1), and therefore must be unbundled pursuant to section 251(c)(3), the rates for access to those elements must be “based on the cost” of each element, *not* on the incumbent carrier’s retail rates.

In truth, of course, the Petition is just another none-too-subtle attempt to resurrect the “sham unbundling” argument that the Commission and the courts have repeatedly and definitively rejected. Since the Commission first announced its TELRIC and UNE combination regulations, Verizon and other incumbents have sought to challenge those rules, raising the same basic claim that Verizon makes here: that UNE-P is not “really” the use of unbundled elements, but simply a variant of resale. The argument has proven spectacularly unsuccessful.

In the Eighth Circuit, for example, incumbents sought to vacate the provisions of the *Local Competition Order* (§§ 328-41) that permitted new entrants to offer local service “entirely by acquiring access to . . . unbundled elements.” *Iowa Utils. Bd. v. FCC*, 120 F.3d 753, 814 (8<sup>th</sup> Cir. 1997). The incumbents argued that, by allowing competitive carriers to acquire customers using UNEs at “the less expensive cost-based rate,” but “without achieving any true gain in efficiency or technology,” the Commission’s rule “enables competing carriers to circumvent” the Act’s resale provisions. *Compare id. with* Petition at 16 (arguing that UNE-P “allows a competitive carrier to pay TELRIC rates rather than the wholesale rates prescribed by statute for what amounts to a resale arrangement”). The Eighth Circuit, affirmed by the Supreme Court, rejected the argument, holding that section 251(c)(3) plainly permits competitive carriers to provide telecommunications services entirely through the use of UNEs. *Iowa Utils. Bd.*, 120 F.3d at 814-15, *aff’d*, *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 392-93 (1999).

Similarly, in numerous appeals of state arbitrations of interconnection agreements, Verizon and other incumbents repeatedly contended that the agreements’ provisions requiring UNE-P were in fact “sham unbundling” that was unlawful and not consistent with the Act. The weight of decisions against this position grew so great that those claims are now routinely dismissed as frivolous.

### **3. Verizon’s Request For A New Rule Prohibiting Competitive Carriers From Using The UNE-Platform To Provide Exchange Access Services Violates Section 251(c)(3).**

The Commission also could not lawfully grant Verizon’s proposed “alternative” relief of prohibiting competitive carriers from collecting access charges when they provide exchange access services using network element combinations such as UNE-P. To the contrary, the plain terms of section 251(c)(3) – which Verizon never discusses or even cites – forbid any such rule.

Section 251(c)(3) provides that Verizon and other incumbent carriers have the “duty to provide, to any requesting telecommunications carrier *for the provision of a telecommunications service*, nondiscriminatory access to network elements.” 47 U.S.C. § 251(c)(3) (emphasis added). Further, an incumbent carrier “shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such *telecommunications service*.” *Id.* (emphasis added). As the Commission recognized in 1996 and re-affirmed the following year and again in 1999, this language is “not ambiguous,” and “its plain meaning” dictates that competitive carriers are entitled to “purchase unbundled elements for the purpose of offering exchange access service.”<sup>1</sup>

The Commission was absolute on this point in 1996, 1997 and 1999, and it was absolutely correct. The Commission’s reading is “compelled by the plain language of the 1996 Act” because access services are plainly “telecommunications services” and because section 251(c)(3) clearly states that requesting carriers can use UNEs – either singly or in combinations – to provide *any* telecommunications services.<sup>2</sup> Verizon’s proposal would also violate the Act’s requirement that incumbent carriers provide network elements, including combinations, on “nondiscriminatory” terms. 47 U.S.C. § 251(c)(3). When Verizon uses its facilities to provide a customer’s local retail service, Verizon collects any applicable access charges from long distance carriers. But, under Verizon’s unlawful proposal, competitive carriers using those same facilities as network elements to provide the same services would not be able to do so.<sup>3</sup>

#### **4. Allowing Verizon to collect both UNE charges and access charges would result in double-recovery.**

As the Commission has previously held, allowing Verizon to collect both UNE charges and access charges for the same facilities would guarantee that it over-recovers its costs and thus would violate the requirement of just and reasonable rates in sections 251(c)(3) and 201. As Verizon admits, the Commission has concluded that TELRIC-

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<sup>1</sup> *Local Competition Order* ¶¶ 356, 359; *id.* ¶ 721 (“nothing on the face of sections 251(c)(3) and 252(d)(2) compels telecommunications carriers that use unbundled elements to pay [access] charges”); *Access Charge Reform*, 12 FCC Rcd. 15982, ¶¶ 337-40 (1997); *UNE Remand Order*, 15 FCC Rcd. 3696, ¶ 484 (1999); *see also* 47 C.F.R. § 51.309(b) (a “telecommunications carrier purchasing access to an unbundled network element may use may use such network element to provide exchange access services to itself in order to provide interexchange services to subscribers”).

<sup>2</sup> *Local Competition Order* ¶ 356. Indeed, in contexts where it suits Verizon’s interests, Verizon itself claims that “[w]hen a CLEC provides service over an unbundled loop, Verizon no longer has a legal right to provide *any* service over that line” and that once competitive carriers purchase “unimpeded access to the entire loop, CLECs – not Verizon – control which services they provide.” Verizon Mem. In Support of Def’s Motion to Dismiss, at 1, *Greco v. Verizon Communications Inc., et al.*, 03 Civ. 0718 (KMW) (S.D.N.Y. filed Apr. 29, 2003).

<sup>3</sup> Nor, as Verizon claims (at 20), could the practice be permissible merely because Verizon would favor itself and discriminate equally against all competitive carriers. *See Local Competition Order* ¶¶ 217-18, 312, 315. As the Commission has repeatedly explained, the term “nondiscriminatory” in section 251 has a “more stringent” meaning than the term “unreasonable discrimination” in section 202; thus, section 251’s nondiscrimination duty requires that incumbent carriers provide access to network elements on terms that are “equal . . . to that which the incumbent LEC provides to itself.” *Id.* ¶¶ 217, 312; *see also* 47 C.F.R. § 51.313(b).

based UNE rates provide “*full compensation* to the incumbent LEC for use of the network elements,” *see* Petition at 16; *Local Competition Order* ¶ 721. Verizon nonetheless claims that allowing it to collect access charges in addition to UNE charges would not provide double recovery, because Verizon would “collect only one *usage-based* charge for each call” – or per-minute access charges from IXC’s for long distance calls and per-minute UNE charges from competitive carriers for local calls. Petition at 16 and Ex Parte at 2.

That is remarkably faulty logic. In recognition of the fact that few, if any, of the costs of today’s modern switches vary with usage, States increasingly require the use of *fixed* UNE port charges to recover costs that the Commission’s price cap rules still allow the incumbent carriers to recover through usage-based exchange access charges. In Illinois, for example, *all* costs associated with switches that handle both local *and* long distance traffic are recovered through fixed monthly UNE charges – there are *no* usage-sensitive UNE switching charges.<sup>4</sup> A competitive carrier that leases the switching UNE in Illinois thus compensates the incumbent for *all* forward-looking costs of switching the competitive carrier’s customer’s local and long distance traffic, and an incumbent would plainly double recover if allowed to collect *any* switch-related exchange access charges in connection with that customer’s long distance traffic. In Virginia the situation is also similar. The Commission has ordered that UNE switch costs in Virginia should be collected completely out of a flat port charge, with no per-minute additives. Thus, unless the port rate is reduced, collecting any switching charges out of extra per-minute additives will result in over-recovery of costs. Although other states have adopted different rate structures, over- or under-recovery is inevitable absent the fortuity that a state’s UNE rate structure requirements match exactly the rate structures (*i.e.*, the split between usage sensitive and fixed rates) embodied in the Commission’s price cap rules. *See Access Charge Reform* ¶ 337 (allowing incumbent carriers “to recover access charges” on UNEs “would constitute double recovery because the ability to provide access services is already included in the cost of access facilities themselves”) *and* the state PUC’s intrastate access charge rules.<sup>5</sup>

Having ignored the applicable section of the Act (section 251(c)(3)) that forecloses the relief it seeks, the Petition instead invokes another, wholly irrelevant provision. Verizon claims that section 251(g), which preserves the pre-1996 Act “equal access and nondiscriminatory interconnection restrictions and obligations (including receipt of compensation)” until the Commission supersedes such rules, supports its use restriction request. Once again, the Commission rejected this very argument in 1996, finding that section 251(g) is not intended to assure continued access payments to the incumbents, but rather to “preserve the right of interexchange carriers to order and

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<sup>4</sup> *Illinois Commerce Comm’n v. Ill. Bell Tel. Co.; Investigation Into Tariff Providing Unbundled Local Switching With Shared Transport*, ICC Docket No. 00-700, 2002 Ill. PUC LEXIS 685, \*\*8-14 (July 10, 2002) (“adopt[ing] [a] flat-rated ULS [unbundled local switching] charge”).

<sup>5</sup> Given that state UNE rules typically collect a far larger percentage of switch costs through flat port rates than are collected in flat interstate and intrastate access charges for switching, over-recovery will be the near unanimous result.

receive exchange access.” *Local Competition Order* ¶ 362.<sup>6</sup> Further, and contrary to Verizon’s claims (at 15 n.33), the D.C. Circuit’s holding that section 251(g) cannot preserve an obligation that did not exist prior to the 1996 Act applies with even more force here: unbundled elements and UNE-P did not exist prior to the 1996 Act; thus, there plainly could not have been any “pre-Act obligation relating to” competitive carriers’ collection of access charges when they provide exchange access services via UNE-P. *See WorldCom, Inc. v. FCC*, 288 F.3d 429, 433 (D.C. Cir. 2002). Section 251(g) is quite plainly inapplicable here.

Verizon’s May 20, 2004 ex parte does nothing to make its request for access charge relief more compelling. Verizon asserts in its ex parte that the Telecom Act’s requirement that network elements be made available “for the provision of telecommunications service” (exchange access being but one example) and that the “just and reasonable rate for network elements for purposes of [§ 251(c)(2)] ... shall be based on the cost ... of providing the ... network element” remain satisfied even if CLECs are prohibited from using UNE-P to provide exchange access.

This position is both legally and economically unviable. A set of UNE rates that is “cost-based” pursuant to § 252(d)(1) (as affirmed by both state PUCs and the FCC during section 271 reviews) cannot remain so if the CLEC is suddenly required to pay more for switching because an access rate is imposed on the CLEC where it was not previously required. Moreover, the ILEC substituted access rates have never been judged to be compliant with § 252(d)(1) in any way and the substitution will undoubtedly result in dramatically increased rates.

For example, suppose a customer uses 2400 minutes of switching per month – divided between 1800 local minutes, 400 interstate access minutes and 200 intrastate access minutes. Suppose UNE rates for switching are composed of a fixed port charge of \$3.00, plus per minute rates of \$0.0007. The total cost of the customer’s switching service is then \$4.68 ( $= \$3.00 + 2400 * \$0.0007$ ), or \$0.00195 per minute. Under Verizon’s scheme to allow ILECs to impose per-minute access rates on UNE minutes used for access purposes, the CLEC will be required to pay \$9.18 (or \$0.003825 per minute) for the same bundle of services.<sup>7</sup> A 96% increase in overall switching costs is devastating to any economic argument that rates remain “cost-based” and “just and reasonable” after imposing inter- and intrastate access charges on the CLEC’s switching minutes that happen to be for toll use.

Verizon argues that this does not constitute double-recovery of costs because only one jurisdiction’s per-minute rate is applied to any particular minute. Thus, Verizon

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<sup>6</sup> For this reason, section 251(g) by its terms preserves requirements that ensured that access to incumbent carriers’ networks would be equal as to all terms, “including receipt of compensation,” but did not preserve compensation rules that do not arise from “equal access and nondiscriminatory interconnection restrictions and obligations.”

<sup>7</sup> The Commission (*Trends in Telephone Service*, May 2004, Table 1.2) reports average per-minute interstate access rates for switching to be \$0.0048 per minute. Further, assume intrastate access switching rates to be \$0.0150 per minute. Thus, the \$9.18 charge is computed via the following equation:  $= \$3.00 + 1800 * \$0.0007 + 400 * \$0.0048 + 200 * \$0.0150$ .

argues, these different rates collect only disjointed costs because “when regulators set UNE rates, they do not take into account the prices set under other regulatory frameworks.” (Verizon ex parte at 4) Notably, Verizon’s ex parte letter fails to observe the regulators setting access rates *do* take account of other rates. It is well known that many access rates were developed on residual costing principles, and even if they have been converted to price caps their levels remain infected by costs associated with related activities.

But the basic reason why Verizon’s rate gerrymander is guaranteed to result in double recovery is because the rate levels and ratios that different jurisdictions apply to the same function differ significantly. Verizon attempts to ignore the import of this uncomfortable fact by citing to a fragment of a statement from AT&T’s February 25, 2004 ex parte suggesting that “[i]nterstate access fees generally mirror the interstate structure”. But in fact the complete sentence in the ex parte actually states “[i]nterstate access fees generally mirror the interstate structure, *but there may be distinct differences.*” (emphasis added) And if Verizon had continued to read the immediately following paragraphs in AT&T’s ex parte, it would have learned that:

If the FCC were to attempt to grant Verizon’s request, it would essentially be required to unscramble the current unseparated LINE-P fees into separated (a) local UNE-P, (b) interstate access; and (c) intrastate access cost recovery. This would be an extremely difficult task. For example, current UNE tariffs for switching in the major states collect roughly 50% of total switching cost through fixed port charges, and 50% through per-minute rates. By contrast, interstate access tariffs generally collect 90% of interstate switching cost through per-minute rates, and only about 100% through common line rates.

Any rough substitution of the access per-minute rate for UNE per-minute rates, without adjustment, will produce a significant double recovery for the ILEC. To avoid such a double recovery, one would need either to adjust the UNE rate downward to reflect the higher per-minute cost recovery in the access tariff or adjust the access rate to reflect the portion of total switch costs that are recovered in the UNE rate (or potentially both).

Moreover, because rate structures for UNEs, interstate access and intrastate access vary from state to state, each jurisdiction would have a complete it own separations analysis to implement VZ’s proposal. Indeed, because each state has a somewhat unique rate element structure for UNEs, the FCC would need to develop separately for each state (and in some states, for each zone within the state) an adjustment factor for interstate access rates as well as for any correspondingly required reductions in state-regulated UNE rates.

The example begun above demonstrates clearly the point that effective UNE prices skyrocket even if per-minute access prices are applied only to access minutes as Verizon advocates. This is due to the continuing presence of an unreduced flat UNE port charge that recovers costs associated with *all* minutes. In the example above, all minutes (UNE, interstate access and intrastate access) were initially charged \$0.00195 per minute. But following Verizon’s plan, the CLEC’s 1800 UNE minutes will now cost \$0.002367 (= \$0.0007 + \$3.00/1800) each – an increase of 21.4% . Thus, unless a separations method is developed that is specific to each state to adjust downwards the UNE port rate

and assign these reduced costs to interstate and intrastate access usage, illegal double recovery is ensured.

**5. Granting Verizon's request would require the Commission is re-open all of its 271 dockets to determine whether there is an unlawful price squeeze.**

Granting the “forbearance” Verizon seeks would also require the Commission to re-open all of the BOC § 271 proceedings. The D.C Circuit has held that a BOC cannot be permitted to offer interLATA services unless the Commission finds that the BOC's wholesale prices do not result in a price squeeze. *Sprint Communications Co. L.P. v. FCC*, 274 F.3d 549, 554-56 (D.C. Cir. 2001). Although the Commission previously concluded that no party demonstrated the existence of a price squeeze in any of the § 271 applications, the fact that UNE-P carriers collect access charge revenues for intraLATA and interLATA toll calls played a pivotal role in those determinations. If the Commission were now, as Verizon proposes, to deny UNE-P carriers the right to collect terminating access charges for toll calls received by their customers and to require UNE-P carriers to *pay* originating access charges for toll calls initiated by their customers, the Commission would be forced to revisit the price squeeze analyses that it performed in the context of § 271 applications to determine whether interLATA relief remains in the public interest.

Section 271(d)(3)(C) prohibits the Commission from approving any application for interLATA authority unless it finds that the requested authorization is “consistent with the public interest, convenience, and necessity.” 47 U.S.C. § 271(d)(3)(C). The D.C. Circuit has expressly held that this provision *requires* the Commission to consider evidence that wholesale rates (such as UNE rates) may result in a price squeeze that substantially impedes or precludes competitive entry. *Sprint*, 274 F.3d at 554-56. As the court noted, even “public-interest provisions in statutes that are *not* explicitly aimed at fostering competition” require consideration of whether federally determined rates result in a price squeeze, *id.* at 554 (citing *FPC v. Conway Corp.*, 426 U.S. 271 (1976)), and § 271 “may weigh more heavily towards addressing potential ‘price squeeze’” because the purpose of § 271 is unquestionably to promote competitive entry. *Id.* at 555. As the court found, permitting the RBOCs to offer interLATA service could hardly be in the public interest if their wholesale rates impede interLATA competition. *Id.* at 554; *see also WorldCom, Inc. v. FCC*, 308 F.3d 1 (D.C. Cir. 2002) (reversing Massachusetts order on the same ground).<sup>8</sup>

In most of the § 271 cases, competitive carriers presented evidence that UNE-P rates permitted only very small (and, in some cases, negative) profit margins that would not cover even an efficient competitive carrier's remaining costs and thus could not sustain entry. In all of these cases, the Commission concluded that such an analysis was

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<sup>8</sup> The D.C. Circuit has further clarified that interLATA relief must be denied if the BOC's wholesale rates “impede” competitive entry, even if they don't preclude entry altogether. *See also WorldCom*, 308 F.3d at 10 (“classic price squeeze cases have never turned on a finding that competition by the input-purchasing firms was *absolutely* precluded; . . . Because of the range of TELRIC-compliant UNE rates, a set of fully compliant rates might – under some analyses and policy judgments . . . – impede local competition enough to render a § 271 approval in contravention of the ‘public interest’” (emphasis in original)).



incomplete, because it did not account for the fact that the competitive carrier could also use UNE-P at TELRIC rates to earn intraLATA and interLATA toll revenues. *E.g.*, *Verizon Vermont Order*, 17 FCC Rcd. 7625, ¶ 71 (2002). In a number of these instances, the Commission found the omission of such revenues to be dispositive in its analysis. *See, e.g.*, *Qwest 9-State Order*, 17 FCC Rcd. 26,303, ¶ 430 (2003) (“[w]hen intraLATA and interLATA toll revenues are included, we note that AT&T’s own analysis shows that the statewide average gross margin exceeds the margins that have supported UNE-P entry in other states”); *Verizon New Jersey Order*, 17 FCC Rcd. 12,275, ¶ 173 (2002) (same).

If the Commission were now to force UNE-P carriers to pay originating access charges for toll calls initiated by their customers and deny UNE-P carriers the right to collect terminating access charges for toll calls received by their customers, the Commission would have no choice but to revisit whether interLATA authority for the BOCs remains lawful. The D.C. Circuit has held that if a BOC’s wholesale rates result in a price squeeze, interLATA authority is not in the public interest within the meaning of § 271 and *must* be denied. *Sprint*, 274 F.3d at 554-56. The “forbearance” relief that Verizon seeks would radically alter UNE-P carriers’ costs (by forcing them to pay originating access charges) and revenues (by taking away terminating access revenues) and thus radically change the price squeeze analysis for any BOC. The Commission could not simply assume that interLATA authority for all BOCs remained in the public interest. Rather, it would have to specifically reevaluate each BOC’s circumstances to determine whether interLATA authority was still in the public interest, and it is likely that at least some BOCs would no longer be able to survive the price squeeze analysis required by the D.C. Circuit. The Commission can and should avoid these questions by simply denying Verizon’s petition for forbearance.

#### **6. The standards for forbearance under Section 10 have not been satisfied.**

Finally, and in all events, the comments filed in this proceeding demonstrate unequivocally that the three specified criteria for forbearance under Section 10 have not been satisfied. Most obviously, Verizon wholly failed to demonstrate that its request for forbearance would not harm consumers. Nor could it, because the very purpose of this Petition is to allow Verizon and the other RBOCs to increase rates, which will lead to increased retail prices and thus consumer harm. Similarly, it cannot be argued that giving in to a monopolist’s demand to wipe out the only significant competitive mass-market alternative that is currently available to incumbent service is in the public interest. Nor can Verizon demonstrate that the end of cost-based UNE-P pricing will “ensure that the charges . . . are just and reasonable and not unjustly or unreasonably discriminatory.” As Congress directed, the only just and reasonable rates in this context are cost-based rates and allowing incumbents to charge competitive carriers a non-cost based rate is the paradigm of discrimination.

For all the foregoing reasons, and the additional reasons set forth in full in AT&T’s Opposition and Reply (including that the relief Verizon seeks cannot, in any event, be granted because Sections 251 and 271 are not yet “fully implemented”),

Verizon's petition is transparently and fatally defective and should be summarily dismissed.

Consistent with Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the above-referenced proceedings.

Sincerely,

A handwritten signature in black ink, appearing to be 'JM' followed by a horizontal line.

Joan Marsh

cc: Chris Libertelli  
Scott Bergmann  
Matt Brill  
Dan Gonzalez  
Jessica Rosenworcel  
Tamara Preiss  
Steve Morris  
Julie Saulnier  
Jeremy Marcus